

## Message Text

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ACTION ARA-17

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-09 H-02 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12 EB-11

SEC-03 TRSE-00 COME-00 AID-20 OMB-01 RSR-01 /120 W  
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P 182210 Z MAY 73

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC PRIORITY 4037

C O N F I D E N T I A L SECTION 1 OF 2 SAN JOSE 1749

E. O. 11652: GDS

TAGS: PGOV, EFIN, CR

SUBJECT: FIGUERES " EXPLAINS" HIS MUTUAL FUND INVOLVEMENT

SUMMARY: PRESIDENT FIGUERES, IN HIS PRESS

CONFERENCE MAY 17, DEVOTED MOST OF HIS COMMENTS TO EXPLAINING HIS RELATIONSHIP WITH MUTUAL FUND INVESTMENTS IN COSTA RICA AND THE \$325,000 WHICH THE WALL STREET JOURNAL REPORTED HAD BEEN PLACED BY VESCO INTERESTS IN HIS PERSONAL BANK ACCOUNT. THE LOCAL PRESS HAS CONTINUED UNABATED IN ITS ATTACK ON FIGUERES FOR HIS INVOLVEMENT IN VESCO MATTERS. END SUMMARY.

1. AFTER CASTIGATING THE INTERNATIONAL AND COSTA RICA PRESS FOR BEING NO BETTER THAN THE PRESS IN COMMUNIST COUNTRIES IN ITS MANNER OF DISTORTING AND SENSATIONALIZING STORIES ABOUT HIS RELATIONSHIP WITH MUTUAL FUND CAPITAL, FIGUERES EXPLAINED THAT HE IS PERSONALLY RESPONSIBLE FOR BRINGING TO COSTA RICA " TWO WAVES" OF MUTUAL FUND CAPITAL. AFTER SIX AND ONE HALF YEARS OF TRYING TO REVERSE THE OUTFLOW OF MUTUAL FUND CAPITAL FROM COSTA RICA, FIGUERES SAID, HIS FIRST SUCCESS WAS THE ATTRACTION OF CLOVIN MACALPIN' S CAPITAL GROWTH FUND. HE SAID THE MUTUAL FUND CAPITAL DIRECTORS WHO MOVED TO COSTA RICA SELECTED FROM A LIST OF WHOLLY APOLITICAL POTENTIAL

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INVESTMENTS WHICH HE SUPPLIED TO THEM AND IN WHICH THEY INVESTED " FIVE OR SIX TIMES MORE IN ENTERPRISES POLITICALLY OPPOSED TO THE ADMINISTRATION THAN IN THOSE FAVORABLY DISPOSED TO THE GOVERNMENT."

2. FIGUERES COMPLIMENTED HIMSELF ON HIS SUCCESS IN ATTRACTING CAPITAL BY SAYING COSTA RICA HAD PERHAPS RECUPERATED 35 PERCENT OF THE 100 MILLION DOLLARS WHICH THE COUNTRY HAD LOST TO MUTUAL FUND WITHDRAWALS FROM THE ECONOMY. " THIS IS VERY SATISFACTORY" HE ADDED.

3. THE " SECOND WAVE" OF MUTUAL FUND CAPITAL, HE EXPLAINED, CAME FROM THE VESCO GROUP. FIGUERES REPEATED THAT HE WAS COMPLETELY RESPONSIBLE FOR THE GROUP' S PRESENCE IN COSTA RICA AND FOR THE KIND OF INVESTMENTS THEY HAVE MADE HERE IN THE PAST SIX MONTHS. FIGUERES SAID WHEN HE WAS RECENTLY IN THE U. S. HE HAD INVITED THE WALL STREET JOURNAL AND FORTUNE MAGAZINE TO COME TO COSTA RICA TO LOOK INTO THE INVESTMENTS. HE ADDED THAT ALL THE MONEY THAT HAS COME TO COSTA RICA HAS BEEN LEGALLY INVESTED AND MOREOVER, HE KNOWS WHERE IT ALL IS. FIGUERES REFERRED TO THE NATIONAL ASSEMBLY INVESTIGATING COMMISSION REPORT AS CLEAR AND INESCAPABLE CONFIRMATION THAT THE FUNDS INVESTED HERE HAVE BEEN LEGALLY HANDLED.

4. FIGUERES HAD UNUSUALLY STRONG WORDS ABOUT THE PRESS. IN REPLY TO A QUESTION ABOUT THE SHARP EDITORIAL ATTACKS IN EL DIARIO APD LA REPUBLICA ( NOT MENTIONED WAS LA NACION' S EDITORIAL WHICH WAS BOTH THE SHARPEST AND BEST THROUGHOUT. ALL ARE BEING POUCHED TODAY AND SHOULD BE READ TO GET THE FULL SENSE OF THE DOMESTIC PRESS REACTION TO FIGUERES, THE COMMISSION REPORT AND THE MANNER IN WHICH THE WATERGATE THEME IS THREADED IN.) FIGUERES SAID HE HAD STOPPED READING DIARIO, AND THE REST COULD SAY WHAT THEY WANTED, BUT HE HAS " ACTED ON HIS OWN CRITERIA." HE CRITICIZED THE LOCAL PRESS FOR REPEATING THE " IDIOCIES" IN CERTAIN U. S. PUBLICATIONS. HE PRAISED THE NEW YORK TIMES FOR BEING " MORE CAUTIOUS."

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5. WITH REGARD TO THE WALL STREET JOURNAL STORY ABOUT THE \$325,000 WHICH PASSED THROUGH HIS NEW YORK BANK ACCOUNT, FIGUERES SAID THIS SUM REPRESENTS THE TOTALITY OF ALL THE CHECKS THAT HAVE MOVED THROUGH THE ACCOUNT IN THE PAST YEAR. HE EXPLAINED THAT OFTEN CHECKS, DESTINED FOR COSTA RICAN INSTITUTIONS, ARE MADE OUT TO THE PRESIDENT OF THE REPUBLIC. HE SHOWED

THE REPORTERS A DISASTER RELIEF CHECK FOR THE TILARAN EARTHQUAKE, MADE OUT TO HIM FROM THE AUSTRIAN GOVERNMENT. DONATIONS TO THE COSTA RICA SYMPHONY ORCHESTRA ARE SOMETIMES HANDLED IN THE SAME WAY, HE ADDED.

6. FIGUERES WENT ON IN CONNECTION WITH THE \$325,000 TO SAY THAT HE HAD ASKED HIS SON JOSE MARTI FIGUERES TO GO TO NEW YORK TO CLEAR UP ANY MISUNDERSTANDINGS ABOUT HIS ACCOUNT. HE SAID JOSE MARTI WAS READY TO EXPLAIN EVERY ENTRY IN THE ACCOUNT, BUT THE " SEC LAWYERS DECIDED ( SUCH INFORMATION) WOULD PREJUDICE THEIR CASE AGAINST THE MUTUAL FUND DEFENDANTS."

7. FIGUERES EXPLAINED THAT HE HAD INSTRUCTED THE BANK HOLDING THE SAN CRISTOBAL, S. A., ( FIGUERES' PERSONAL BUSINESS ENTERPRISE) ACCOUNT TO PLACE THE COMPANY' S RECORDS AT THE DISPOSITION OF THE COURT IF THEY WERE REQUESTED.

8. FIGUERES DID NOT COMMENT ON HIS LETTER TO PRESIDENT NIXON MENTIONED IN THE WALL STREET JOURNAL STORY, BUT REFERRED UNSPECIFICALLY TO AN " INTERCHANGE OF LETTERS WITH THE U. S. GOVERNMENT THAT NOW I AM GOING TO TERMINATE WITH A FINAL LETTER, BECAUSE THE CIRCUMSTANCES ARE ALL CLEARER TO ME NOW."

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P 182210 Z MAY 73  
FM AMEMBASSY SAN JOSE  
TO SECSTATE WASHDC PRIORITY 4038

C O N F I D E N T I A L SECTION 2 OF 2 SAN JOSE 1749

9. THE PRESS ATTACKS ON FIGUERES FOR HIS INVOLVEMENT AND ON THE MUTUAL FUNDS' LEGISLATIVE COMMISSION REPORT HAVE REACHED AN UNPRECEDENTED LEVEL. THE TWO EDITORIALS TODAY,

DIARIO' S ENTITLED " COSTA RICA NOW HAS ITS OWN  
WATERGATE" AND LA NACION' S CAPTIONED " A SUPERFICIAL,  
DECEPTIVE AND ERRONEOUS REPORT" SUGGEST THE ANGER OF  
THE PRESS. LA REPUBLICA ON MAY 17 ENTITLED " THE  
MUTUAL FUND REPORT: AN ANTHOLOGY OF CONTRADICTIONS"  
COMPLETES THE ANTAGONISTIC CIRCLE OF LEADING SAN  
JOSE NEWSPAPERS OPPOSED TO THE GOVERNMENT' S  
INVOLVEMENT WITH VESCO.

10. COMMENT: FIGUERES' OBVIOUS FURY WITH THE WALL  
STREET JOURNAL STORY AND THAT PAPER' S REPORTER WHO  
CALLED HIM ON THE TELEPHONE, AND THE TREATMENT HE HAS  
BEEN GETTING FROM ALL THE LOCAL PAPERS, HAVE HAD THE  
EXPECTED EFFECT OF STRENGTHENING HIS STUBBORN RESOLVE  
TO FIGHT BACK. HE HAS JUSTIFIED AND TAKEN RESPONSIBILITY  
FOR VESCO AND MACALPIN BECAUSE, IN HIS VIEW,  
THIS INVESTMENT WAS IN COSTA RICA' S BEST INTERESTS.  
HE WAS APPAREMLY LESS CANDID IN RELATING THE REASONS  
HIS SON DID NOT TESTIFY IN THE SEC HEARINGS. WITH  
THE PRESS MORE HEATEDLY AGAINST FIGUERES THAN EVER  
BEFORE, IT REMAINS TO BE SEEN HOW THE POLITICAL SCENE  
WILL BE AFFECTED, IF AT ALL, AND IF THE PRESS CAN  
SUSTAIN ITS CAMPAIGN.

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